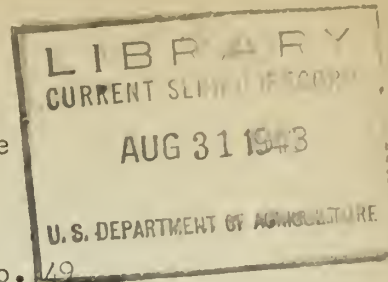


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Subject: Consolidation of FSA County Committees and Review of Borrowers' Food Production Potentialities.

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A single Farm Security Committee of three members, taking the place of three separate committees and a county advisory council, is being organized in each county to determine the eligibility of all applicants for loans and otherwise to assist in all phases of the FSA program. Members of the new committee are to be local farmers. Appointments, made by the Secretary of Agriculture, are expected to be completed by September 15.

In the past, FSA county staffs have been advised by a Rural Rehabilitation Committee, a Farm Debt Adjustment Committee, and a Farm Ownership Committee. These three committees, together with three members-at-large, made up a county FSA advisory council.

The new all-purpose committee will continue the committee functions prescribed by the Bankhead-Jones Act, certifying the eligibility of applicants and the reasonable value of farms in the making of farm ownership loans. A new responsibility of the committee will be to determine the eligibility of applicants for rural rehabilitation loans and their need for FSA assistance. In addition, the committee will each year review the progress and status of all rural rehabilitation borrowers whose loans have been outstanding for three or more full crop years, and make a determination as to which of the following actions should be taken:

- (1) Has the borrower made such progress that he should seek credit for farm operations from private banks or a Production Credit Association?
- (2) Should he be considered for a farm ownership loan under the Bankhead-Jones Act?
- (3) Is it in the interest of the borrower and the Government that additional loans be approved for the borrower?
- (4) Should rural rehabilitation loans be discontinued and the borrower given a purely loan-servicing status?
- (5) Should the borrower's account be liquidated and the borrower dropped?

- (6) Should the borrower's resources and operations be reorganized and assistance given for a new program?

The committee will also render assistance to county supervisors and borrowers in carrying out the farm debt adjustment and tenure improvement program, and in general serve in an advisory capacity on all FSA county operations.

In counties which have FO Committees with members willing to assume responsibilities for other parts of the Farm Security program, they will be asked to become the new Farm Security Committee. In other counties a new committee will be set up. Under a rotation plan, one of the three members will go out of office each year, and a successor will be appointed. Each member thus serves a three-year term. Each also will have an alternate to act for him at meetings and in performing other committee duties.

Procedure has been established for appeals from decisions of Farm Security Committees affecting rural rehabilitation applicants or borrowers. When a borrower or applicant complains that an action of a committee is inconsistent with the declared purposes and policies of the FSA, the Regional Director shall, if the complaint appears to be reasonable, appoint a Board of Appeal to investigate and determine whether the committee action should be sustained or reversed. The Regional Director shall be bound by the decision of the Board. The Board will consist of two prominent citizens and a member of the Regional Director's staff.

One of the first jobs of the new county committee will be to help FSA supervisors carry through an immediate and searching review of every active standard rehabilitation borrower to determine how each family can contribute most to the Nation's food supply in 1944. This analysis is expected to bring out:

- (1) Approximate shifts or increases in production of war crops that Farm Security borrowers can make;
- (2) Types of adjustments in land tenure and farm layout that will be necessary;
- (3) Need for storage facilities, equipment for planting, cultivating or harvesting crops, marketing facilities, etc.;
- (4) Approximate amounts of loan funds that present FSA families will require for 1944 production.